



Washington State Department of Agriculture News Release

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Ag producers to be better served with improvements to Commission Merchants law

OLYMPIA – The hay and straw industry, as well as other agricultural producers, have more protection against unfair business practices and fraud due to passage of legislation requested by the Washington State Department of Agriculture (WSDA). Beginning July 27, maximum penalties for violating the Commission Merchants Act increase from \$1,000 to \$5,000, and those licensed as limited dealers are required to post minimum bonds of \$10,000 to reimburse claims. The bond requirement was increased from \$7,500.

The legislation also creates an advisory group of seed industry representatives to work with WSDA to study alternative methods of providing financial recovery for producers if bankruptcies occur with seed dealers. The study is due to Gov. Locke and the Legislature by December.

WSDA protects the agricultural industry by regulating individuals and businesses that resell or process agricultural products. Agency investigators in the last two years handled 180 complaints and recovered \$3.26 million for producers. The program, which is funded through license fees and other charges, licenses and in most cases requires bonds of businesses buying commodities from producers and consignors for resale. The law also contains provisions governing the accounting and payment details of sales.

To better serve the agricultural community, the Legislature authorized several changes:

- Hay growers have up to three years to pursue a claim against a commission merchant or dealer, up from a previous limit of 20 days.
- A “fair share” or pro-rata method of obtaining funds from bond proceeds replaces a “first-come, first-served” distribution that allowed growers making the first claims against a bond to be paid in full, but left others with no recovery.
- Strengthens WSDA enforcement capabilities by allowing the department to seek search warrants and to stop vehicles carrying any type of agricultural products. Investigators have a background in law enforcement.
- Reduces paperwork for haulers of unprocessed agricultural products by eliminating the requirement for most to carry a manifest as well as a bill of lading. Hay haulers, however, are still required to carry a manifest since it

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often serves as a record and sometimes as a sales contract. Manifests and bills of lading must be retained for three years.

- Makes writing a bad check punishable under the state's criminal code.

“These improvements enhance our ability to recover funds for producers who lose revenues unfairly,” said Jerry Buendel, program manager for the Commission Merchants Program. “We want to keep them farming and every dollar they recover helps.”

A WSDA Web page lists licensed dealers, brokers, commission merchants and cash buyers that do business in a wide range of agricultural commodities and includes forms that producers and licensees may need. The site is at agr.wa.gov/Inspection/CommissionMerchants/default.htm.

To contact program staff, send an e-mail to commerch@agr.wa.gov, call (509) 225-2616 or (360) 902-1854.

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